

## DEPARTMENT OF HEALTH SERVICES

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SACRAMENTO, CA 95814

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November 22, 1988

ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY ADMINISTRATIVE OFFICERS

Letter No.: 88-92

Subject: Other Health Coverage

Reference: All County Welfare Director's Letters 87-44 and 88-17

The purpose of this letter is to inform counties of the States' expansion of the Other Health Coverage (OHC) Cost Avoidance Program which includes the implementation of new OHC codes.

Background

Federal and State law require that state Medicaid programs convert from post payment recovery systems (Medi-Cal pays for services, then bills the private health insurance) to cost avoidance systems. Cost avoidance means that a beneficiary's OHC must be billed prior to Medi-Cal making a payment.

Kaiser, CHAMPUS and Ross Loos coverage have been treated this way for many years. In 1986 DHS identified beneficiaries who had OHC through prepaid health plans, and counties began coding their Medi-Cal Eligibility Data Systems (MEDS) records for cost avoidance. More recently, DHS has conducted tape matches with large insurance carriers (to date, American General, Blue Cross, Blue Shield and Kaiser), to identify beneficiaries with full scope of coverage policies. These beneficiaries were then cost avoidance coded on MEDS.

In ACWDL 88-17, counties were instructed to determine whether a beneficiary's OHC for selected carriers (Blue Cross, Blue Shield, American General and Aetna), is full coverage or partial coverage. Counties were instructed to code full coverage policies with cost avoidance codes and partial coverage policies with post recovery codes.

The next phase of this conversion is to cost avoid claims for all beneficiaries with full scope of coverage policies. In order to accomplish this, new cost avoidance codes have been assigned to 17 additional insurance carriers. In addition, code "V" has been designated for full scope of service policies for any insurance company not uniquely identified. The new codes are:

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- D Prudential
- F First Farwest Insurance Co.
- H Mutual of Omaha
- I Metropolitan Life
- J John Hancock Mutual Life Ins.
- Q Equicor/Equitable
- T Travelers
- U Connecticut General
- V Variable - any other carrier
- W Great West Life Assurance Co.
- 2 Provident Life and Accident
- 3 Principal Financial Group
- 4 Pacific Mutual Life Ins.
- 5 Alta Health Strategies Inc.
- 6 AARP
- 7 Allstate Life Insurance
- 8 New York Life Insurance
- 9 Crown Life Insurance Co.

The existing cost avoidance codes are:

- B Blue Cross
- C CHAMPUS
- E Aetna
- G American General
- K Kaiser
- P PHP/HMOs
- R Ross Loss
- S Blue Shield

In November 1988, the Department of Health Services' Health Insurance Unit (HIU) will be sending a questionnaire to all beneficiaries who have previously reported OHC which is not currently being cost avoided. A copy of the questionnaire is included for your information. The questionnaire will ask beneficiaries whether they still have OHC, and if so, the scope of their insurance policy. If the beneficiary's response indicates full coverage, HIU will update MEDS with the appropriate cost avoidance OHC code. Counties will receive a daily worker alert for any beneficiary whose MEDS record has been changed.

Effective December 15, 1988, the fiscal intermediaries will deny any claims received for beneficiaries' whose records are coded with the new codes unless the claim is accompanied by proof that OHC has been billed. As with current procedures, claims for long term care and drugs for patients in long term care will not be subject to cost avoidance edits.

New County Procedures

The second part of this conversion is county determination and coding of cost avoidance OHC for these insurance carriers. By February 1, 1989, counties are to begin using the new codes when it can be determined that a beneficiary's policy offers full coverage. In order to determine this, the following questions should be asked at application and redetermination once it has been determined the beneficiary has available other health coverage.

1. Does your health insurance provide or pay for hospital stays?
2. Does your health insurance provide or pay for hospital outpatient (e.g., lab work, physical therapy)?
3. Does your health insurance provide or pay for doctors visits?
4. Does your health insurance provide or pay for prescriptions?

If the beneficiary answers "Yes" to at least three of the four questions, the appropriate cost avoidance code should be assigned. If a beneficiary has two or more full coverage policies, one of which is a PHP/HMO, the appropriate PHP/HMO code should be used (C, K, P, or R). Otherwise, the appropriate cost avoidance code for one of the identified carriers should be assigned.

For beneficiaries whose eligibility is being redetermined, the cost avoidance code must be entered on MEDS for the future month. For new applicants, the cost avoidance code may be entered on MEDS effective the first month of eligibility.

If a beneficiary informs the county that he/she no longer has the cost avoidance coverage, the override procedures described in ACWDL 87-44 must be used to remove the cost avoidance code from MEDS.

If the beneficiary responds "Yes" to fewer than three of the questions listed above, or if the beneficiary does not know the scope of coverage, enter, as before, the following post recovery codes:

- A Any carrier other than Blue Shield or Blue Cross
- M Two or more carriers (If the beneficiary has one or more policies that are full coverage, do not use M; use one of the cost avoidance codes.)
- X Blue Shield
- Z Blue Cross (The distinction between North and South is no longer necessary and thus code "Y" is being phased out.)

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The Health Insurance Questionnaire (HIQ: DHS 6155) is being revised to include the scope of coverage questions as well as other changes required for the Other Coverage Program. When the revised form is available for counties' use, new instructions for processing the DHS 6155 will be issued. In the interim, counties are to continue to send the DHS 6155 to HIU only for post payment recovery cases.

If you have questions regarding MEDS input, contact your MEDS liaison. All other questions should be directed to Paula Marty of the Health Insurance Unit at (916) 739-3276.

Sincerely,

Original signed by

Frank S. Martucci, Chief  
Medi-Cal Eligibility Branch

Enclosure

Expiration Date: November 30, 1989